



Irish Life Weekly Investment Bulletin

The week that was – WEEK 43 2018 (ending 26/10/2018)

“If we did the things we are capable of, we would astound ourselves.” – Thomas Edison

Irish retail sales up 6.5% y-o-y in September – The CSO reported that seasonally adjusted retail sales volumes rose by 6.5% on an annual basis in September and 6.3% y-o-y excluding motor sales. The largest monthly sector increases were in the Electrical Goods (+9.3%) and Hardware, Paints & Glass sectors (+7.0%).

ECB reiterates keeping interest rate on hold through summer 2019 – The European Central Bank again signaled its commitment to ending asset purchases by the end of the year but maintaining current rates through summer 2019. Central banks in Sweden, Russia, Norway and Turkey also left rates unchanged.

Global stock market down 3.6% on the week – The MSCI AC World TR Index showed a -3.61% return from 19th October to 26th October as China / U.S. trade concerns continued to fester and negative sentiment came to the fore. The Vix (CBOE Volatility Index) closed the week at 24.16, increasing from 19.89 on 19th Oct.

U.S. economy beats forecasts in Q3 with a 3.5% growth rate – The Commerce Department has estimated that gross domestic product grew at an annualised rate of 3.5% in the third quarter, above the consensus estimate of 3.3%, supported by strong consumer spending but business capital expenditures was weak.

Eurozone business growth at slowest in over two years – The IHS Markit Flash Eurozone Purchasing Managers' Index (PMI) fell to 52.7 in October, down from 54.1 in September and reaching its lowest level since September 2016. Manufacturing led the slowdown, with service sector activity growth also weakening.

EC rejects Italian budget and calls for rewrite – The European Commission, unsurprisingly, have rejected the draft 2019 budget proposal of the Italian government, the first time it has done so. It has given Italy three weeks to submit a revised plan, saying that high debt remains a 'major vulnerability' for the Italian economy.

The Story of the week: Thanks to an exceptionally low water level, Hungarian archaeologists have made a treasure find of some 2,000 gold / silver coins, pikes, cannon balls and swords dating from 1630 to 1743 on the Danube riverbed in the town of Erd, near Budapest. They are working frantically, assisted by divers and drones, to extract what they can from the site before an expected rise in river levels. Like other rivers across Europe, the Danube is in some places at a historically low level after a long period of dry weather. In Budapest, it is running at a mere 38cm.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 26/10)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	-3.5
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-13.5
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	-6.4
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	-8.3
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	1.0
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	3.8
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-6.9
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-14.0
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.8
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	3.1
German	1.9	0.5	0.6	0.2	0.4	0.4
UK	3.0	1.9	1.9	1.2	1.2	1.4
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	0.9
Italy	4.1	2.1	1.6	1.8	2.0	3.3
Greece	8.2	9.6	7.9	7.1	4.1	4.2
Portugal	6.1	2.7	2.5	3.8	1.9	1.9
Spain	4.1	1.6	1.7	1.4	1.6	1.5
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.25
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.14
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.89
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.28
IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q2)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q2)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q2)

*Past performance is not a reliable guide to future performance and may fall as well as rise.